

LNF & IHCIF Calculations Illustration **- MILLE LACS in Bemidji area -**

Given Data

- 2,012 = 1998 user count
- \$2,980 = National average cost per person (not including wrap-around costs)
- 26% = % Expenditures on purchased services, 74% = % expenditures in-house
- 89.5% = Cost index for purchasing health care in this geographic area
- 125.7% = Size cost index for in-house costs due to small or large size
- 105.9% = Bemidji area cost index for health status above or below average

Cost Adjustment Calculations

- \$688 per person for purchased services = $26\% * 89.5\% * \$2,980$
- \$2,780 per person for in-house services = $74\% * 125.7\% * \$2,980$
- \$3,469 per person total = \$688 (purchase) + \$2,780 (in-house)
- **\$3,674 per person total** adjusted for health status = $\$3,469 * 105.9\%$
- **\$2,929 per person net cost** = $\$3,674 - \745 Other resources (M&M&PI)

Existing Expenditures (for 2,012 users excluding wrap-around and collections)

- \$850 per person = local IHS allowance (excludes \$ for wrap-around)
- \$94 per person = expenditures elsewhere in Bemidji area on behalf of area users
- \$54 per person = expenditures elsewhere in IHS on behalf of IHS users
- **\$998 per person for OU users** = $\$850 + \$94 + \$54$

LNF Calculation

- **27.2% Gross LNF** = $\$998$ (expenditures) / $\$3,674$ total cost (ignoring Medicare, Medicaid, PI spending on behalf of OU users)
- **34.1% Net LNF** = $\$998 / \$2,929$ net cost ($\$3,674 - \745 other)

IHCIF Allocation

- \$1,527,406 = \$ to raise LNF% from 34.1% to 60%
- \$258,040,100 = aggregate \$ to raise all locations to 60%
- 3.488% IHCIF fraction = $\$9,000,000$ fund / $\$258,040,100$ needed
- **\$53,276 Allocation** = $\$1,527,406$ needed for 60% * 3.488% IHCIF fraction

MILLE LACS Unmet Needs

- **\$5,893,174 Net Total Need** = $2,012$ users * $\$2,929$ net cost
- **\$3,884,676 Net Unmet Need** = $(100\% - 34.1\% \text{ LNF}) * 2,012$ users * $\$2,929$ net cost